



GOV. MSG. NO. 6

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

February 25, 2019

✓ The Honorable Ronald D. Kouchi,
President and Members of the Senate
Thirtieth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki,
Speaker and Members of the House
of Representatives
Thirtieth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear Senate President Kouchi, Speaker Saiki and Members of the Legislature:

Transmitted herewith are proposed changes to the FB 2019-21 Executive Budget for the Departments of Budget and Finance, Health, Human Services (DHS), Land and Natural Resources (DLNR), Public Safety and Transportation.

Your favorable consideration is requested for the budget requests and related provisos to amend the Executive Budget Request as follows:

1) Adjustments to the Operating Budget Request:

Department of Budget and Finance

Health Premium Payments – ARC (BUF 762/RC)

Reduce \$5,224,000 in general funds in FY 21 to update the budgeted Annual Required Contribution (ARC) payment amount pursuant to the Hawai'i Employer-Union Trust Fund's Retiree Health Care Plan – Annual Valuation Report as of July 1, 2018.

Department of Health

Emergency Medical Services (HTH 730/MQ)

Add \$11,872,596 in general funds in FY 20 and \$15,040,191 in general funds in FY 21 to meet collective bargaining requirements and recurring personnel cost for service providers contracted to provide pre-hospital emergency medical services. Increased funding will maintain current level of pre-hospital emergency medical services.

Emergency Medical Services (HTH 730/MQ)

Add \$2,381,815 in general funds in FY 20 and \$3,642,807 in general funds in FY 21 for other current expenses cost increases for service providers contracted to provide pre-hospital emergency medical services. Funding is to meet cost increases resulting from increases in call volume and cost of goods, supplies, and services and maintain current level of pre-hospital emergency medical services.

Department of Human Services

DHS – General Administration (HMS 904/AA)

Convert 1.00 full-time equivalent (FTE) general-funded Public Information Officer position from temporary to permanent to promote longer tenures within the position to help retain institutional knowledge and maintain consistency in DHS' policies and decision-making regarding public information across administrations.

Department of Land and Natural Resources

Public Lands Management (LNR 101/EA)

Add special funds of \$3,000,000 in other current expenses for the Special Land Development Fund (SLDF) in FY 20 and FY 21 for proposed priority projects including planning for DLNR Industrial and Business Park at Pulehunui, Maui; Environmental Impact Statement for East Kapolei/UH West O'ahu Transit Station Development; and Hawai'i District Land Office design and construction. DLNR anticipates \$5,000,000 per year in additional incoming revenue to the SLDF starting in FY 19.

Department of Public Safety

Women's Community Correctional Center (PSD 409/EK)

Add 23.00 FTE permanent position counts in FY 20 and 23.00 FTE permanent positions and \$1,424,678 in general funds in FY 21 to staff the renovated Hookipa Makai Cottage, which is expected to be completed in January 2021. Increased position counts in FY 20 will facilitate the recruitment process, which includes civil service examination, physical and mental assessments, interviews, drug screenings, and background checks.

Non-State Facilities (PSD 808/EM)

Add \$4,285,307 in general funds in FY 20 to finance an additional six months of housing costs, from July 1, 2019 to December 31, 2019, for the 248 inmates sent to Saguaro Correctional Center in Arizona and to finance return transportation costs. Increased funding is requested due to delays in the repair of a housing module at the Halawa Correctional Facility.

2) Adjustments to the Capital Improvement Program Request:

Department of Human Services

Vocational Rehabilitation (HMS 802)

Add \$811,000 in general obligation (G.O.) bond funds in FY 20 for the Ho'opono Flood Zone Remediation, O'ahu. This funding is in addition to the \$521,000 appropriated in FY 18 and is necessary to complete design and construction work to bring the facility into compliance with county flood zone requirements.

Department of Land and Natural Resources

Public Lands Management (LNR 101)

Delete \$100,000 in special funds in FY 20 for Pia Valley Acquisition Due Diligence, O'ahu. Add \$100,000 in special funds for Hoomau Forest Conservation Easement Acquisition, Hawai'i. The proposed tradeoff is due to the securing of alternate funding for Pia Valley acquisition, and Hoomau Forest project needing matching funds for federal grants to complete the acquisition.

Water and Land Development (LNR 141)

Add \$1,800,000 in G.O. bond funds in FY 20 for Ala Wai Canal Wall Improvements, O'ahu. The project will stabilize and improve a portion of Ala Wai Canal wall between McCully Street and Kalakaua Avenue not included in the awarded contract for dredging and wall repairs. The wall has deteriorated significantly since the contract was awarded and is in need of stabilization and improvement to protect the adjacent sidewalk and roadway.

Department of Transportation

O'ahu Highways (TRN 501)

Increase \$1,600,000 in revenue bond funds in FY 20 for Fort Barrette Road Improvements, Vicinity of Roosevelt Avenue to Vicinity of Farrington Highway, O'ahu.

Kaua'i Highways (TRN 561)

Add \$12,500,000 (\$2,500,000 in revenue bond funds and \$10,000,000 in federal funds) in FY 20 for Kuhio Highway, Replacement of Wainiha Bridges, Numbers 1, 2 and 3, Kaua'i.

Highways Administration (TRN 595)

Increase \$7,500,000 (\$1,500,000 in revenue bond funds and \$6,000,000 in federal funds) in FY 20 for Highway Planning, Statewide. Request will provide for federal and non-federal aid programs and projects that include roadway classification; data collection; long and mid-range planning; transportation needs and studies; research; studies pursuant to Chapter 343, HRS, and the National Environmental Policy Act; corridor studies; scoping; bridge evaluations; and technology transfer and workforce development.

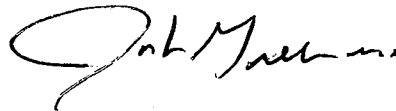
3) Provisos:

Department of Health

Maui Health System, a KFH LLC (HTH 214)

Move Section 14 of the Executive Budget Bill regarding the disbursement of G.O. bond appropriations for Maui Health System, a KFH LLC, to Part V, Capital Improvement Program Provisions. Section 14 was inadvertently placed in Part VI, Issuance of Bonds, in error.

With warmest regards,



David Y. Ige
Governor, State of Hawai'i

Attachment

c: Honorable Donovan M. Dela Cruz
Honorable Sylvia Luke

OPERATING

Adjustments to the Operating Budget Request:

Department of Budget and Finance

Health Premium Payments – ARC (BUF 762/RC)

Reduce \$5,224,000 in general funds in FY 21 to update the budgeted Annual Required Contribution (ARC) payment amount pursuant to the Hawai'i Employer-Union Trust Fund Retiree Health Care Plan – Annual Valuation Report as of July 1, 2018.

	<u>FY 2020</u>	<u>FY 2021</u>
Other Current Expenses	\$..... A	-\$5,224,000 A

Department of Health

Emergency Medical Services (HTH 730/MQ)

Add \$11,872,596 in general funds in FY 20 and \$15,040,191 in general funds in FY 21 to meet collective bargaining requirements and recurring personnel cost for service providers contracted to provide pre-hospital emergency medical services. Increased funding will maintain current level of pre-hospital emergency medical services.

	<u>FY 2020</u>	<u>FY 2021</u>
Other Current Expenses	\$11,872,596 A	\$15,040,191 A

Emergency Medical Services (HTH 730/MQ)

Add \$2,381,815 in general funds in FY 20 and \$3,642,807 in general funds in FY 21 for other current expenses cost increases for service providers contracted to provide pre-hospital emergency medical service. Funding is to meet cost increases resulting from increases in call volume and cost of goods, supplies, and services and maintain current level of pre-hospital emergency medical services.

	<u>FY 2020</u>	<u>FY 2021</u>
Other Current Expenses	\$2,381,815 A	\$3,642,807 A

Department of Human Services

General Administration (HMS 904/AA)

Convert 1.00 general-funded Public Information Officer position from temporary to permanent to promote longer tenures within the position to help retain institutional knowledge and maintain consistency in DHS' policies and decision-making regarding public information across administrations.

	<u>FY 2020</u>	<u>FY 2021</u>
	(1.00) A Perm	(1.00) A Perm
	-(1.00) A Temp	-(1.00) A Temp
Personal Services	\$..... A	\$..... A

Department of Land and Natural Resources

Public Lands Management (LNR 101/EA)

Add special funds of \$3,000,000 in other current expenses in FY 20 and FY 21 for consultant services, studies, and design and construction of a new office.

	<u>FY 2020</u>	<u>FY 2021</u>
Other Current Expenses	\$3,000,000 B	\$3,000,000 B

Department of Public Safety

Women's Community Correctional Center (PSD 409/EK)

Add 23.00 FTE permanent position counts in FY 20 and 23.00 FTE permanent positions and \$1,424,678 in general funds in FY 21 to staff the renovated Hookipa Makai Cottage, which is expected to be completed in January 2021. Increased position counts in FY 20 will facilitate the recruitment process, which includes civil service examination, physical and mental assessments, interviews, drug screenings, and background checks.

	<u>FY 2020</u>	<u>FY 2021</u>
	23.00 A Perm	23.00 A Perm
Personal Services	\$..... A	\$1,133,912 A
Other Current Expenses A	131,924 A
Equipment A	158,842 A

Non-State Facilities (PSD 808/EM)

Add \$4,285,307 in general funds in FY 20 to finance an additional six months of housing costs, from July 1, 2019 to December 31, 2019, for the 248 inmates sent to Saguaro Correctional Center in Arizona; and to finance return transportation costs. Increased funding is requested due to delays in the repair of a housing module at the Halawa Correctional Facility.

	<u>FY 2020</u>	<u>FY 2021</u>
Other Current Expenses	\$4,285,307 A	\$..... A

CAPITAL IMPROVEMENT PROGRAM

The Executive Budget Bill (Senate Bill No. 126/House Bill No. 964), Section 12, is amended:

Department of Human Services

HMS 802 VOCATIONAL REHABILITATION

By adding a new item:

"HO'OPONO FLOOD ZONE REMEDIATION, OAHU

DESIGN AND CONSTRUCTION TO REPLACE BASEMENT WALLS WITH A STRUCTURE TO WITHSTAND FORCES DUE TO POTENTIAL FLOODING, ELEVATE WALL OPENINGS, AND PROTECT THE EQUIPMENT AROUND THE BUILDING.

	<u>FY 2020</u>	<u>FY 2021</u>
<u>DESIGN</u>	<u>125</u>	<u>0</u>
<u>CONSTRUCTION</u>	<u>686</u>	<u>0</u>
<u>TOTAL FUNDING</u> HMS	<u>811 C</u>	<u>0 C</u>

Department of Land and Natural Resources

LNR 101 PUBLIC LANDS MANAGEMENT

By deleting Item 11.00:

~~"E02E PIA VALLEY ACQUISITION DUE DILIGENCE, OAHU~~

~~LAND ACQUISITION FOR DUE DILIGENCE FOR 300 ACRE ACQUISITION OF PIA VALLEY IN HONOLULU COUNTY TO SECURE NATIVE FOREST WATERSHED AND WILDLIFE HABITAT.~~

	<u>FY 2020</u>	<u>FY 2021</u>
LAND ACQUISITION	100	0
TOTAL FUNDING LNR	100 B	0 B

By adding a new item:

"HOOMAU FOREST CONSERVATION EASEMENT ACQUISITION, HAWAII

LAND ACQUISITION OF 990 ACRES CONSERVATION EASEMENT IN SOUTH KONA, HAWAII COUNTY, TO PROTECT IMPORTANT NATIVE FOREST RESOURCES.

	<u>FY 2020</u>	<u>FY 2021</u>
<u>LAND ACQUISITION</u>	<u>100</u>	<u>0</u>
<u>TOTAL FUNDING</u> LNR	<u>100 B</u>	<u>0 B"</u>

LNR 141 WATER AND LAND DEVELOPMENT

By adding a new item:

"ALA WAI CANAL WALL IMPROVEMENTS, OAHU

DESIGN AND CONSTRUCTION TO STABILIZE AND IMPROVE PORTION OF ALA WAI CANAL WALL TO PROTECT ADJACENT SIDEWALK AND ROADWAY.

	<u>FY 2020</u>	<u>FY 2021</u>
<u>DESIGN</u>	<u>300</u>	<u>0</u>
<u>CONSTRUCTION</u>	<u>1,500</u>	<u>0</u>
<u>TOTAL FUNDING</u> LNR	<u>1,800 C</u>	<u>0 C"</u>

Department of Transportation

TRN 501 OAHU HIGHWAYS

By amending Item C-35.00:

"S310A FORT BARRETTE ROAD IMPROVEMENTS, VIC. OF ROOSEVELT AVENUE TO VICINITY OF FARRINGTON HIGHWAY, OAHU

CONSTRUCTION FOR CONGESTION MITIGATION AND AUXILIARY TRANSPORTATION FACILITIES ALONG FORT BARRETTE ROAD.

	<u>FY 2020</u>	<u>FY 2021</u>
CONSTRUCTION	[1,400] <u>3,000</u>	0
TOTAL FUNDING TRN	[1,400] <u>3,000 E</u>	0 E"

TRN 561 KAUAI HIGHWAYS

By adding a new item:

"X121 KUHIO HIGHWAY, REPLACEMENT OF WAINIHA BRIDGES, NUMBERS 1, 2, AND 3, KAUAI

CONSTRUCTION FOR REPLACEMENT OF WAINIHA BRIDGES NUMBERS 1, 2, AND 3. PROJECT WILL CONSTRUCT BRIDGE APPROACHES, DETOUR ROADS, AND OTHER IMPROVEMENTS. THIS PROJECT IS DEEMED NECESSARY TO QUALIFY FOR FEDERAL AID FINANCING AND/OR REIMBURSEMENT.

		<u>FY 2020</u>	<u>FY 2021</u>
<u>CONSTRUCTION</u>		<u>12,000</u>	<u>0</u>
<u>TOTAL FUNDING</u>	<u>TRN</u>	<u>2,500 E</u>	<u>0 E</u>
	<u>TRN</u>	<u>10,000 N</u>	<u>0 N"</u>

TRN 595 HIGHWAYS ADMINISTRATION

By amending Item C-68.00:

"X099 HIGHWAY PLANNING, STATEWIDE

PLANS FOR FEDERAL AID & NON-FA PROGRAMS AND PROJECTS THAT INCLUDE ROADWAY CLASSIFICATION, DATA COLLECTION, LONG AND MID-RANGE PLANNING, TRANSPORTATION NEEDS STUDIES, RESEARCH, HRS 343/NEPA STUDIES, CORRIDOR STUDIES, SCOPING, BRIDGE EVALUATIONS, AND TECH TRANSFER AND WORKFORCE DEVELOPMENT. THIS PROJECT IS DEEMED NECESSARY TO QUALIFY FOR FEDERAL AID FINANCING AND/OR REIMBURSEMENT.

		<u>FY 2020</u>	<u>FY 2021</u>
PLANS		[39,250] <u>46,750</u>	25,500
TOTAL FUNDING	TRN	[7,850] <u>9,350 E</u>	5,100 E
	TRN	[31,400] <u>37,400 N</u>	20,400 N"

PROVISIONS

Department of Health

Maui Health System, a KFH LLC (HTH 214)

Move Section 14 of the Executive Budget Bill regarding the disbursement of G.O. bond appropriations for Maui Health System, a KFH LLC, to Part V, Capital Improvement Program Provisions. Section 14 was inadvertently placed in Part VI, Issuance of Bonds, in error.